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**From:** CN=Kayla Marsh/OU=DC/O=USEPA/C=US

**Sent:** Fri 10/26/2012 12:20:58 PM

**Subject:** Morning Clips  
[petition](#)  
[North Dakota](#)  
[Cabot Oil & Gas Corp. \(COG\)](#)  
[Chesapeake Energy Corp. \(CHK\)](#)  
[energy security](#)  
[air quality](#)  
[power plants](#)  
[Eric Schaeffer](#)

Good Morning Everyone!  
 Here are today's top stories:

Bloomberg Businessweek: Environmental groups ask EPA to require fracking disclosure

Inside EPA Weekly Report: API criticizes EPA methodology for studying potential impacts of fracking

Inside EPA Weekly Report: EPA eyes streamlined process, 'outlay' plans to accelerate SRF spending

## Bloomberg Businessweek: Environmental groups ask EPA to require fracking disclosure

By Mark Drajem

Published: Wednesday, October 25

The U.S. Environmental Protection Agency should force oil and natural-gas producers to disclose the chemicals they release during drilling, hydraulic fracturing, compressing and storage, environmental groups said.

The Environmental Integrity Project and 16 other groups in a petition today said the information is necessary to inform local residents about pollutants released into the air, water and land. Disclosure also would prod companies to reduce their chemical pollution, according to the petition to the EPA.

"At the very least, we have the right to know what these companies are using and releasing as part of their oil and gas production," Jane Davenport, senior attorney for Delaware Riverkeeper Network, said today on a conference call with reporters.

The EPA requires electricity producers, many manufacturers and some mining operators to report chemicals that are released to its Toxic Release Inventory. The disclosure isn't tied to regulations or permitting requirements, and instead is meant to give citizens information about air, water and land pollution.

"We have received the petition and will respond appropriately," David Bloomgren, a spokesman for the EPA, said in an e-mail.

### Hydraulic Fracturing

U.S. gas and oil production is booming in part because drillers are using hydraulic fracturing, or fracking, to free gas trapped in underground rock. That development has driven down the price natural gas, and spurred job growth in states such as Pennsylvania, Ohio and North Dakota.

"We support compliance with existing requirements, and in fact we often go beyond those requirements," Dan Whitten, a spokesman for America's Natural Gas Alliance, which includes Cabot Oil & Gas Corp. (COG) and Chesapeake Energy Corp. (CHK), said in an e-mail. "Thanks to the natural-gas community's commitment to safe and responsible development, and our work with state regulators, people don't have to choose between the many energy security, air quality and economic benefits natural gas brings, and a clean environment."

Gas production has prompted complaints from nearby residents, who say their wells have been tainted by chemicals seeping into aquifers or spills at drilling sites. Also, air pollution from methane and air toxic emissions during drilling is a frequent concern.

"The EPA estimates the oil and gas industry releases 127,000 tons of hazardous air pollutants every year, second only to power plants and more than any of the other industries already reporting" it, Eric Schaeffer, director of the Environmental Integrity Project, said in a statement. "Why shouldn't oil and gas companies be required to report these toxic releases under our right-to-know laws, like so many other industries already do?"

## Inside EPA Weekly Report: API criticizes EPA methodology for studying potential impacts of fracking

Published: Thursday, October 25

The American Petroleum Institute (API) is reiterating criticism of EPA's draft report linking Wyoming groundwater contamination to

hydraulic fracturing to raise questions about the methodology underlying EPA's broader study of potential impacts of fracking on drinking water.

During an Oct. 18 call, API representatives seized on recent U.S. Geological Survey (USGS) data industry says contradicts the agency's draft suggestion that groundwater contamination in Pavillion, WY, stems from fracking to argue that the agency is not being scientifically rigorous as it crafts a congressionally mandated study on fracking's effects on drinking water nationwide.

API's upstream director Erik Milito told reporters on the call that the Pavillion groundwater study continue to "raise questions" on the overall fracking study, for which initial results are slated for release in December and a final report in 2014. "If they continue down a sloppy path, we're going to get sloppy results."

The flaws in the sampling methodology the agency relied on in the Wyoming study may raise questions about the larger analysis because "EPA may assume it's producing good science" and ultimately use its conclusions to "justify changes in public policy" and regulation. EPA did not follow a transparent and peer-reviewed process during the Wyoming investigation, he added.

EPA's December 2011 draft report, "Investigation of Ground Water Contamination near Pavillion, Wyoming," found chemicals linked to fracking in two deep monitoring wells. While EPA is not including results from the Pavillion study as one of five case studies the agency is including in its congressionally-directed drinking water study, the draft report marks the first public indication from EPA that fracking could have contaminated groundwater. EPA is taking comment on the draft report through Jan. 15.

Industry has roundly criticized the draft Wyoming study, saying that the wells were constructed in a way that could have caused cross-contamination and that the agency conducted the sampling in a hydrocarbon-bearing part of the formation, skewing the results.

Last month, USGS released its own sampling data but offered no interpretations, though EPA and environmental groups said the data supported the agency's draft findings. A report commissioned by Natural Resources Defense Council and Sierra Club says that the USGS data verifies and strengthens EPA's draft findings because it replicates the same results as the 2011 testing. "EPA's analysis should be widely accepted now that its findings have been replicated," the groups say in an Oct. 3 press release.

But industry is charging that USGS' data differed considerably from the EPA test results. Milito told reporters during the Oct. 18 call that a number of compounds that EPA flagged in its tests as common components of fracking fluid were not present in the USGS data. "Without a doubt the USGS results are inconsistent" with EPA's findings, Milito said.

Similarly, the industry group Energy in Depth said in an Oct. 3 press release that it has identified more than 50 individual measurements from EPA's draft Pavillion report that were "discredited" by the USGS data.

Meanwhile, some Republican lawmakers are voicing additional concerns over the transparency of EPA's larger fracking study. An Oct. 16 letter from the House Committee on Science, Space, & Technology to EPA Administrator Lisa Jackson urges the agency to ensure selection of a "balanced panel with relevant technical expertise," including industry representatives, as it chooses experts for its ad hoc Science Advisory Board subcommittee to review early study findings. EPA announced nominations for the panel in an Aug. 21 Federal Register notice.

The letter, signed by Chairman Ralph Hall (R-TX) and Reps. Andy Harris (R-MD) and Dana Rohrabacher (R-CA), raises a number of questions about how EPA will ensure the peer review meets White House information quality guidelines, including whether receipt of EPA grant funding would be perceived as a conflict of interest for potential panelists and what the time frame would be for the review. The letter is available on InsideEPA.com. (Doc ID: 2413340)

The letter also asks, "What steps will EPA take to ensure that reviews have not previously taken sides on the issues to be considered by the ad hoc and chartered SAB in this review?" charging that the 2010 panel that reviewed EPA's scoping document for the study included one panelist, Dr. Jerald Schnoor, who authored an article favoring tighter regulation of oil and gas development.

Inside EPA Weekly Report: EPA eyes streamlined process, 'outlay' plans to accelerate SRF spending

By Bobby McMahon

Published: Thursday, October 25

EPA is calling on its program offices to streamline the process for states applying for clean water and drinking water state revolving fund (SRF) dollars and also pushing more advance "outlay" planning from states on how they intend to quickly spend the money, which may help fend off GOP criticisms that many of the grants remain unspent.

The agency's recommendations are outlined in a new guidance obtained by Inside EPA, "Timely Obligation, Award and Expenditure of EPA Grant Funds," which builds off EPA and states' effort to speed up both disbursement of SRF dollars from EPA to states and the use of the funds by states for wastewater and drinking water projects.

EPA had been expected to release the guidance as early as April, but sources say the agency only recently released it. The guidance is available on InsideEPA.com. (Doc ID: 2413444)

The guide, which has an Oct. 1 effective date, is in part a response to "Congressional scrutiny of EPA's grant unobligated balances and grantee unexpended appropriations, and State concerns over delays in receiving grant awards," highlighting the Republican criticism of the pace for obtaining and spending grant funds.

House Republicans claim that appropriated but unspent SRF dollars suggest the agency receives excess amounts of funding and that Congress could reduce EPA's budget by trimming grant accounts.

In March, House Energy and Commerce Committee power panel Chairman Ed Whitfield (R-KY) and others wrote to EPA Administrator Lisa Jackson seeking data from the agency dating back to fiscal year 2002 on the amount of unspent water infrastructure funds the agency has been able to recoup from states.

Recent estimates have put unspent SRF funds at more than a billion dollars, and states fear a rescission of unspent grant funds could harm the ability to fund necessary projects to ensure the stoutness of water systems. It remains unclear if the steps outlined in the guide will sate the House GOP's bid for cuts to EPA grant accounts.

States say the unspent fund assessments are misleading as dollars can be considered unobligated the minute they are disbursed to the states, even though projects they fund are often complex and run over many years. A sizable rescission of unspent funds would also be a major departure from past precedent, sources say.

The guidance is the product of a workgroup including EPA's Office of Grants and Debarment within the Office of Administration and Resources Management, the Environmental Council of the States, national program offices and others. The document aims to address four key concerns: "EPA delays in obligating grant funds in the first year of availability;" "EPA delays in awarding grant funds after the passage of a full appropriation;" "grantee accumulation of unexpended appropriations in awarded grants;" and "the need to accelerate grant outlays."

The guidance outlines several steps EPA will take to speed up disbursement, including allowing states to apply for grants before a particular fiscal year's budget is enacted, basing their request on the award from the prior year or the amount outlined in the president's proposed budget for EPA.

The guidance also says that EPA regions should place "less emphasis . . . on negotiating recurring activities/commitments where there is a satisfactory record of grant performance" for SRF workplans, instead focusing on "new priorities."

A state source says the guidance encourages EPA regional section 319 program offices -- which handle nonpoint source grants -- and SRF program offices to implement streamlined processes. For 319 programs in particular, the guidance encourages them to "to work with States, where feasible, to adjust the schedule for project-specific Requests for Applications [and] to allow earlier submission of draft projects for Regional approval."

The guidance also outlines several steps states should take to speed up their spending of the funds, including requiring states to include in grant applications a statement addressing their "approach, procedures, and controls for ensuring that awarded grant funds will be expended in a timely and efficient manner," and for EPA to evaluate their ability to do so in its grant-awarding process.

EPA also says that grant awards "cannot be extended beyond 7 years without approval" from EPA. In an earlier guide, the agency

applied the 7-year requirement only to projects starting after October 2010.

EPA is also calling on states to work with agency regional offices to create "a reasonable outlay strategy" consistent with the project and national program manager's guidance as well as "tailored to the particular characteristics of the grant program." In a related matter, the guidance says regional offices "may not approve grants where it is anticipated that drawdown of a substantial portion of federal funds will be delayed until the end of the project period without the approval of the responsible" program office.